

APPLICATION OF VIRGINIA ELECTRIC AND POWER COMPANY  
Commonwealth of Virginia on 07/16/2015

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1 COMMONWEALTH OF VIRGINIA  
2 STATE CORPORATION COMMISSION  
\*\*\*\*\*  
3 CASE NO. PUE-2015-00006

ORIGINAL

5 APPLICATION OF VIRGINIA ELECTRIC AND POWER COMPANY  
6 For approval and certification of the proposed Remington  
7 Solar Facility pursuant to 56-580 D and 56-46.1 of the  
8 Code of Virginia and for approval of a rate adjustment  
9 clause under Section 56.585.1 A 6 of the Code of Virginia

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13 PUBLIC HEARING BEFORE  
14 Deborah V. Ellenberg, Chief Hearing Examiner, Presiding  
15  
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17 10:00 a.m. - 5:54 p.m.

18 Thursday, July 16, 2015

19 Richmond, Virginia  
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HUSEBY INC REGIONAL CENTER

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1 (10:00 a.m.)

2 CHIEF HEARING EXAMINER: Welcome, ladies  
3 and gentlemen. We have a packed house this morning,  
4 I see.

5 By way of opening, I would just  
6 like to introduce that on January 20, 2015, Dominion  
7 Virginia Power filed an application for approval and  
8 a certificate of public convenience and necessity to  
9 construct and operate a 20 megawatt utility-scale  
10 solar electric generating facility near the town of  
11 Remington in Fauquier, Virginia.

12 The Company also requests  
13 approval of a rate adjustment clause designated Rider  
14 US-1, pursuant to Section 56-585.1 A of the Code of  
15 Virginia. We are, of course, here to receive  
16 evidence on that application this morning.

17 We have several preliminary  
18 matters, but I would like to start by asking Counsel  
19 to enter their appearance for the record.

20 Mr. Dahl?

21 MR. DAHL: Good morning, Your Honor. Kris  
22 Dahl with the law firm of McGuireWoods, representing  
23 the Applicant Virginia Electric and Power Company.  
24 And with me is Joe Reid, also with McGuireWoods, and  
25 Brett Breitschwerdt, who you admitted by your ruling

1 pro hac vice on June 25, and Billy Baxter, with the  
2 Company law department, as well.

3 CHIEF HEARING EXAMINER: Thank you.

4 MR. GREENE: Good morning. Brian Greene  
5 for the Maryland, District of Columbia, Virginia  
6 Solar Energy Industries Association. With me is my  
7 law partner, Eric Hurlocker.

8 CHIEF HEARING EXAMINER: Thank you,  
9 Mr. Greene.

10 MR. JAFFE: Good morning, Your Honor. My  
11 name is Cale Jaffe. I am the director of the  
12 Virginia office for the Southern Environmental Law  
13 Center. We are here representing the Chesapeake  
14 Climate Action Network and Appalachian Voices, who  
15 have collectively been referred to as Environmental  
16 Respondents. With me today is my colleague from  
17 Atlanta, Katie Ottenweller.

18 CHIEF HEARING EXAMINER: Welcome.

19 MR. REISINGER: Good morning, Your Honor.  
20 My name is William Reisinger. I'm here on behalf of  
21 the Attorney General's Division of Consumer Counsel.  
22 With me is my co-counsel, Assistant Attorney General  
23 Mitch Burton.

24 CHIEF HEARING EXAMINER: Thank you.

25 MR. ROUSSY: Good morning, Your Honor. My

1 name is Matt Roussy, along with Alisson Klaiber, we  
2 will be representing the Commission Staff in this  
3 case.

4 CHIEF HEARING EXAMINER: Thank you very  
5 much. Another preliminary matter that I would just  
6 like to address quickly, although I've already  
7 addressed it in more detail, is the motion for a  
8 ruling on the confidential information filed by the  
9 Consumer Counsel towards the end of June, June 24, in  
10 particular.

11 On July 10 I entered a ruling  
12 finding that that motion should be granted and  
13 deferring until today to go ahead and grant that  
14 motion. I hereby grant that motion and at the  
15 appropriate time will receive the information that  
16 was the subject of that motion into the record as  
17 public, not confidential, information. Thank you.

18 Before I call for opening  
19 statements, we have several public witnesses that  
20 would like to come forward and offer public  
21 testimony.

22 The first public witness that I  
23 have listed is Bruce Burcat. If you could come  
24 forward, sir.

25 (Witness sworn.)

1 CHIEF HEARING EXAMINER: Mr. Burcat,  
2 welcome to the Commission this morning.

3 THE WITNESS: Thank you, Your Honor. Good  
4 morning. I appreciate the opportunity to make these  
5 comments today. My name is Bruce Burcat. I am the  
6 executive director of a regional organization called  
7 Mid-Atlantic Renewable Energy Coalition. We call it  
8 MAREC.

9 MAREC is a 501(c)3, comprised of  
10 a number of leading wind developers, wind turbine  
11 manufacturers, service companies, public interest  
12 organizations, and a transmission company that  
13 supports the development of renewable energy in the  
14 region.

15 We have wind energy companies  
16 that have a strong interest to develop projects in  
17 Virginia. While we do not oppose the Remington  
18 project and commend Virginia Electric and Power  
19 Company's efforts to construct this renewable energy  
20 project to take advantage of the expiring federal tax  
21 credits for solar, we strongly support the  
22 development of projects like this after they have  
23 been subjected to a competitive third-party  
24 procurement process.

25 Although this project deals with

1 a solar generation facility, a competitive  
2 procurement process should be established for other  
3 forms of renewable energy generation as well, such as  
4 utility-scale wind power. We believe this because  
5 such a process has been successful in other  
6 jurisdiction for achieving the lowest price for  
7 consumers.

8 We probably would not have  
9 commented in this case, but chose to do so after  
10 reviewing Company's price assumption for wind energy  
11 generation utilized in it's recently filed integrated  
12 resource plan in the matter before the Commission  
13 that was filed on July 1st of this year. And that's  
14 when we compared this resource against other  
15 resources.

16 For onshore wind, Virginia  
17 Electric is assuming that the cost price would be  
18 \$161.10 per megawatt-hour. That is a highly  
19 misinformed assumption and truly is an example of why  
20 a competitive procurement process needs to be  
21 instituted to determine the real price of wind energy  
22 and other resources as well, like solar energy.

23 In fact, the Lawrence Berkeley  
24 National Lab 2013 national wind tech report tracked  
25 wind purchase power agreements and found that in 2013

1 there reached all-time lows with an average levelized  
2 cost of energy of between \$27 and \$58 a  
3 megawatt-hour. In fact, in Appalachian Power  
4 Company's recently filed integrated resource plan  
5 also July 1st, it modeled for one of its -- 150  
6 megawatt block of wind resources, with a levelized  
7 cost of energy of \$40 a megawatt-hour in 2015  
8 dollars.

9 And I note that's a quarter of  
10 the price that is in Virginia Electric's assumption  
11 in its IRP. That would be including the assumption  
12 that the PTC would be included in that. They also  
13 use \$63 a megawatt-hour in 2017 dollars without the  
14 PTC.

15 There's currently discussion in  
16 D.C. of the potential of extending the PTC for a  
17 number of years, but obviously what's going on in  
18 D.C. is always up for grabs, I guess, at this point  
19 to see what's going on. But, you know, the prices  
20 that APCo provided were dramatically lower than the  
21 cost assumptions provided by Virginia Electric in its  
22 IRP.

23 Lazard, the asset management  
24 company, has concluded that a new wind energy project  
25 is price competitive with the new natural gas

1 projects. It is also important to note that wind and  
2 solar energy prices are stable and known throughout  
3 the entire sum of the purchase power agreement. That  
4 cannot be said for a number of other fuel sources,  
5 like coal and natural gas, which have had  
6 historically volatile price fluctuations.

7 We are basically citing this  
8 information to emphasize that the best way to provide  
9 accurate information and provide the best pricing to  
10 Virginia ratepayers is to establish a competitive RFP  
11 process. I want to thank you again for the  
12 opportunity to make these comments in this matter.

13 CHIEF HEARING EXAMINER: Thank you for  
14 coming down, Mr. Burcat. You may step down.

15 THE WITNESS: Okay. Thanks.

16 CHIEF HEARING EXAMINER: It's probably  
17 apparent, but in case you haven't noticed, we have a  
18 videographer in the courtroom this morning. I  
19 thought -- we're not audio casting, but we do have  
20 someone here recording this proceeding or at least  
21 parts.

22 Our next public witness is Glen  
23 Besa.

24 (Witness sworn.)

25 CHIEF HEARING EXAMINER: Good morning,



1 Mr. Besa.

2 THE WITNESS: Thank you so much. My name  
3 is Glen Besa. I'm the director of the Sierra Club,  
4 Virginia Chapter. The Sierra Club supports this  
5 project and urges its approval. But going forward we  
6 believe that the Commission needs to push Dominion  
7 to -- hard, really push them hard to rely on power  
8 purchase agreements and a competitive RPF process for  
9 solar and wind.

10 From the ratepayers' viewpoint,  
11 developers have three advantages over utilities.  
12 They are experts at what they're doing. They work on  
13 similar profit margins. And they get better tax  
14 treatment under the IRS code. Dominion losses all  
15 three advantages in building Remington.

16 Dominion has already demonstrated  
17 its lack of solar know-how. In a May 7, 2013 filing  
18 with the SCC, they admitted that the solar  
19 partnership program, which put solar in commercial  
20 rooftops, was a year behind schedule and would  
21 probably be less than 20 megawatts of the 30  
22 megawatts authorized.

23 Previously, the Company had told  
24 its stakeholders that it would likely hit the  
25 \$80 million budget for this project with only 13 to

1 14 megawatts of solar installed. We see the same  
2 problems with the offshore wind project, the 12  
3 megawatt project that has come in extremely  
4 overpriced relative to Dominion's -- the way they  
5 approached it.

6 As for profit margins, Dominion  
7 gets a guaranteed 10 percent return on its  
8 investment, and this explains its desire to build  
9 solar itself. But it's hard to justify charging  
10 ratepayers a 10 percent premium, when there are  
11 cheaper alternatives in the free market. Unlike  
12 Dominion, solar developers have to compete against  
13 each other, so they accept much slimmer profit  
14 margins.

15 And then there are the tax  
16 implications. A third-party developer can claim the  
17 federal 30 percent tax credit immediately and they  
18 can accelerate the depreciation on the cost of  
19 facility over five years. The utility has to take  
20 the tax credit and depreciation over the life of the  
21 facility, 20 years or more.

22 Even if Dominion were to build  
23 Remington at the same cost that a third-party  
24 developer could, the difference in this tax premium  
25 could still allow a third-party developer to build it

1 for less. These three factors, know-how, free market  
2 cost competition, and tax implications add up to huge  
3 saving for consumers if the future projects are bid  
4 out to third-party developers.

5 With the approach that Dominion  
6 is taking, we do not see how Dominion can get to the  
7 400 megawatts that they pledged by 2020.  
8 Additionally, the legislature set a goal of 500  
9 megawatts by 2020. We are not sure how we are going  
10 to get there, either, with the resistance that  
11 Dominion shows to solar projects, refusing to buy the  
12 power from independent developers.

13 I think what's also important to  
14 recognize is that if by 2020, we do have 400 to 500  
15 megawatts of solar, we are going to be further  
16 behind, not ahead of other states, because states  
17 like North Carolina, for example, are building 300  
18 megawatts a year. And we are talking about 400 to  
19 500 megawatts between now and 2020. We will be  
20 further behind.

21 This is really important for a  
22 lot of reasons, not the least of which is fuel  
23 diversity. We hear a lot about fuel diversity and  
24 fuel mix that we have in Virginia. Right now  
25 Dominion seems to be relying overly on gas and

1 nuclear.

2 We know for sure that gas has  
3 historically been extremely volatile in its price.  
4 And we should fully expect the price of gas to rise  
5 as well as we impose a cost on carbon beyond the  
6 Clean Power Plan that the EPA will be rolling out.  
7 We fully expect to see limitations on carbon in  
8 future years as this country addresses climate  
9 changes. It's inevitable.

10 So in conclusion, the Club does  
11 support this project. But going forward, we think  
12 it's really important to have a competitive RFP  
13 process for future solar and wind projects in  
14 Virginia. Thank you so much.

15 CHIEF HEARING EXAMINER: Thank you,  
16 Mr. Besa.

17 I am assuming if any of you have  
18 any questions of any of the public witnesses, that  
19 you will let me know.

20 Our next public witness is Lee  
21 Harvey. If you would come forward, sir.

22 (Witness sworn.)

23 CHIEF HEARING EXAMINER: Good morning,  
24 Mr. Harvey.

25 THE WITNESS: Good morning.

1 CHIEF HEARING EXAMINER: Could you please  
2 state your name, affiliation, and address for the  
3 record.

4 THE WITNESS: Sure. My name is Robert Lee  
5 Harvey, Junior. Address is 480 North Pifer Road,  
6 Star Tannery, Virginia. I will go ahead and  
7 introduce myself.

8 I'm not opposed to the Remington  
9 project, either. However I am a Virginia resident, a  
10 Dominion Power customer, and do not represent any  
11 group or lobby effort. However, I do respectfully  
12 offer comment about Dominion's accounting and planned  
13 use of renewable energy credits, RECs, as  
14 specifically related to the proposed Remington solar  
15 installation and Rider SG-1.

16 Dominion has supplied the SCC  
17 with erroneous and misleading information that  
18 relates to the purpose, use, and application of the  
19 RECs, renewable energy credits, that will be created  
20 by and used to fund this project. More to the point,  
21 Dominion proposes an unrealistic pro forma income  
22 from the sale of SRECs. Because the income from the  
23 sale of SRECs would offset some of the costs of the  
24 Remington project when applied to Rider SG-1,  
25 Dominion's error is going to change how much

1 consumers are charged.

2 In my testimony, I hope to point  
3 out that Dominion is representing itself and this  
4 project as a "renewable" or "green" project, that  
5 Dominion has overestimated and then supplied the SCC  
6 with inflated pro forma values for the RECs, and that  
7 Dominion misleads the SCC and consumers about how  
8 Dominion meets Virginia voluntary RPS program by  
9 using legacy capacity RECs, some of which are 90  
10 years old.

11 It was just mentioned that  
12 Washington is in a state of flux, but there are some  
13 things that are a little more clearly defined. As  
14 defined by the EPA, quote, A REC represents the  
15 property rights to the environment, social, and other  
16 non-power qualities of renewable electricity  
17 generation. A REC, and its associated attributes and  
18 benefits, can be sold separately from the underlying  
19 physical electricity associated with the  
20 renewable-based generation source, end quote.

21 That's from the EPA. The EPA  
22 then clearly defines when power is considered  
23 "renewable," in quotes, and "green," in quotes. I  
24 quote the EPA again. (As read) "As renewable energy  
25 generators produce electricity, they create one REC

1 for every 1000 kilowatt-hours, 1 megawatt-hour, of  
2 electricity placed on the grid."

3 This is the key point, however.  
4 "If the physical electricity and the associated RECs  
5 are sold to separate buyers, the electricity is no  
6 longer considered 'renewable' or 'green.' The REC  
7 product is what conveys the attributes and benefits  
8 of the renewable electricity, not the electricity  
9 itself, end quote, from EPA.

10 Per 3Degrees, which is Dominion's  
11 REC procurement service contractor, they also say,  
12 "RECs therefore provide organizations and individuals  
13 with a mechanism to keep legal title to the  
14 environmental benefits of renewable energy distinct  
15 from the flow of electrons, end quote.

16 So here is the problem.  
17 Dominion's Remington Exhibits 2 and 3, along with  
18 this public information campaign to date related to  
19 this project are peppered with words like  
20 "renewable," "carbon intensity," "green," yet  
21 Dominion states from the get-go that they intend to  
22 sell the RECs created by this project.

23 Because Dominion intends to sell  
24 the RECs, the electricity will be stripped of the  
25 "renewable" attributes and it simply becomes generic

1 or null electricity, as it's known in the trade,  
2 without any renewable or green credit given to it.  
3 While this may seem like a word play, it's not a word  
4 play. And the EPA has addressed this in previous  
5 policy and again in the Clean Power Plan, although  
6 that is up in the air, as we know.

7 Per the Center for Resource  
8 Solutions, quote, If it's represented as renewable  
9 while the REC is used or sold elsewhere, that is a  
10 misrepresentation. That is often referred to  
11 as double counting. The quote goes on.

12 The REC that Dominion plans to  
13 sell may then be used by an out-of-compliance energy  
14 producer somewhere else to avoid penalties for not  
15 meeting a mandatory renewable portfolio standard in  
16 another state. In other words, somebody somewhere is  
17 then polluting our environment and using the Dominion  
18 REC to shield them, while Dominion claims to be  
19 producing green energy. That doesn't make any sense.

20 Whether in Pennsylvania or  
21 Virginia, we all share the same atmosphere. The RPS  
22 was created to encourage utilities to produce clean  
23 energy and most would agree that the RPS was not  
24 intended for a utility to profit from the PR and then  
25 turn around and sell the RECs while allowing a



1 dirtier producer to avoid their actions'  
2 consequences.

3 Even though Dominion clearly  
4 plans to sell the RECs, the Company's PR campaign has  
5 already leveraged this project by releasing press  
6 statements, including quotes from our Governor,  
7 heaping praise on Dominion's "renewable" project.  
8 And in my submission, I've put the press statement.

9 But, again, if the RECs are sold,  
10 then Dominion is simply building a power plant to  
11 make null electricity, but the press statement gives  
12 a different impression. Mr. Farrell even uses "solar  
13 energy" and "renewable" in the same sentence, all the  
14 while knowing that Dominion would be selling the  
15 environmental attributes. It's not renewable if you  
16 sell the attributes, because you are selling bragging  
17 rights. You can't have it both ways.

18 The cat's already out of the bag.  
19 It's already been picked up by multiple news  
20 agencies. The Dominion's PR Web site says similar  
21 things, "Remington Solar Facility joins a growing  
22 list of renewable projects," and it goes on and on.  
23 But I'm going to reiterate again what the EPA says.  
24 "If the physical electricity and the associated RECs  
25 are sold to separate buyers, the electricity is no

1 longer considered 'renewable' or 'green'."

2 I also believe that there are  
3 erroneous assumptions that Dominion has made in a pro  
4 forma statement, as I've already mentioned. I  
5 believe that Dominion grossly exaggerated the amount  
6 of money that the SRECs will produce. While I'm sure  
7 that Dominion has notified the SCC already, updating  
8 their figures, I'd at least like to bring it forth.

9 Dominion states that this solar  
10 generating station has the capacity factor of  
11 22 percent and will produce 20,140 megawatt-hours of  
12 solar generated electricity. Dominion does not  
13 definitively state how many RECs will be produced,  
14 but by definition 1 megawatt-hour equals 1 REC, so we  
15 can speculate that Dominion intends to sell 20,140  
16 RECs.

17 Based on the yearly income from  
18 sales of the RECs totaling \$1,359,000, which is in  
19 Figure 3 that I've handed out, dividing that by the  
20 number of RECs comes up with \$67 per REC. Also in  
21 the handout --

22 I'm sorry, you don't have one, do  
23 you?

24 CHIEF HEARING EXAMINER: I will get one.

25 THE WITNESS: Okay. Also in the handout I

1 listed both in my Figure 2 and Figure 3, their  
2 exhibits, where they list both in monthly income and  
3 yearly income for those RECs. In the monthly income,  
4 they listed \$163,000. Double-checking, they have it  
5 listed as \$1,359,000.

6 The current price of Pennsylvania  
7 SRECs, which is where Dominion apparently wants to  
8 sell the SRECs, is \$18. Dominion has overestimated  
9 yearly income by almost \$1,000,000 by my  
10 calculations, and maybe the SCC should recalculate as  
11 well. This error significantly changes the projected  
12 cost recovery factor and will be balanced on the back  
13 of the consumer.

14 In private business, this would  
15 not be tolerated. But in this case, Dominion will  
16 simply appear before the SCC in subsequent years and  
17 claim market conditions have changed and ask for a  
18 true-up, which I quote, "We will either credit to or  
19 recover from jurisdictional customers the difference  
20 between revenues recovered through Rider US-1."  
21 Regardless, Dominion gets paid their expenses plus  
22 10 percent.

23 Dominion's Mr. Gaskill stated in  
24 his testimony that Dominion intends to sell the SRECs  
25 in the SREC market and, quote, Assume that it would

1 be able to sell RECs from the Project to the SREC  
2 market only through the year 2020 and then revert to  
3 the Tier 1 REC market, end quote.

4 Later Mr. Gaskill states, quote,  
5 If, however, the Pennsylvania SREC market continues  
6 to offer premium pricing for longer than the initial  
7 years, the Company will be able to take advantage of  
8 those higher prices." Unfortunately, before the ink  
9 dried from his statement, the Pennsylvania SREC  
10 market prices had plummeted with little hope of  
11 selling those RECs at a higher price through 2020,  
12 much less for longer than the initial years, as he  
13 stated.

14 Also, in my testimony -- I have  
15 to show you. What I included was a screen shot from  
16 a Webinar from 2014 from SREC Trade. And I just have  
17 to tell you what it says and you can look later. But  
18 basically there's an anticipation of 2014 at existing  
19 capacity oversupplied by so many RECs; 2015,  
20 oversupplied; 2016, oversupplied. So this evidence  
21 was clearly out there.

22 Now how do I know this? I have  
23 ten solar panels at my house, so I keep track of  
24 this. I am really surprised that Dominion wouldn't,  
25 also. If you simply go onto SREC Trade right now, go

1 onto the Pennsylvania site, the first thing that  
2 comes up is Pennsylvania SREC market is oversupplied.  
3 It's two clicks away.

4                   It's unsettling that Dominion  
5 assumed and projected a market price near to what is  
6 included in their testimony to the SCC. If so, what  
7 other projections are wrong and misleading.  
8 Dominion's Mr. Rogers states that they own and  
9 operate 252 megawatts of operating renewable solar  
10 capacity. But then how could a company that operates  
11 such a large fleet of solar generation make such a  
12 large error in estimation and projection?

13                   Again, the prices are around \$18.  
14 But then even in the worst case, they cushion their  
15 statement by saying that they would drawback to the  
16 Tier 1 layer. But in the worst case, is Dominion  
17 stating the PJM GATS Tier 1 market figure correctly?  
18 Well, on July 17th, a week ago or so, I created an  
19 account on PJM GATS. I found no buy requests for  
20 Tier 1 RECs and only one request for Pennsylvania  
21 SRECs and, again, that was for \$18. This is also  
22 included in my testimony, a screen shots of those.  
23 So I believe that the prices are overstated.

24                   I also believe that if Dominion  
25 is going to sell the SRECs, I believe this level of

1 corporate dumping would devalue the SREC market all  
2 the while decreasing the value of the commodity  
3 Dominion wishes to sell. And nothing could be worse  
4 for future deployment of solar, especially for  
5 non-utility generators that cannot compete against an  
6 organization that has unlimited funds.

7 Individual solar producers will  
8 have their Tier 1 market income obliterated. The  
9 playing field is already heavily skewed with  
10 Dominion's economies of scale, insider knowledge of  
11 prime interconnection points, interconnection  
12 rulemaking hurdles, and guaranteed return on equity,  
13 10 percent.

14 So in conclusion, I respectfully  
15 suggest that the SCC should ask Dominion how many  
16 RECs this project will produce yearly. The SCC  
17 should also ask Dominion to have an independent third  
18 party with REC market experience to estimate the REC  
19 income based on realistic SREC bid pricing as of  
20 today and what is anticipated in the future. I  
21 believe that the SCC will then find that the value of  
22 the Remington SRECs is not nearly what Dominion has  
23 stated in previous testimony.

24 Better yet, I suggest that the  
25 Remington RECs should be retired in the Virginia RPS

1 program. This will avoid double accounting and allow  
2 Dominion to continue to claim Remington as a  
3 renewable generator, which they have already  
4 leveraged. Purchasers of Dominion's Solar Purchase  
5 Program, already mentioned by other testimony today,  
6 would then know that the whole renewable energy and  
7 its full attributes is being purchase and not simply  
8 used to shuffle in the shell game of capacity credits  
9 from hydropower nearly a century ago. And I detail  
10 that in Appendix A of my submission.

11 The purpose of the RPS is to  
12 decrease Dominion's reliance on fossil fuels and to  
13 increase their use of renewable energy sources today,  
14 not from 1910. Dominion uses banked credits to meet  
15 the RPS and some of those credits predate Charles  
16 Lindbergh's transatlantic flight. This was his  
17 airplane then and these are the RECs we are using.  
18 And they were created only two years after the first  
19 Model T was produced. This is the car of the age  
20 that the RECs were generated in.

21 Although the shell game is legal,  
22 it's not right or responsible, and it does nothing to  
23 Dominion's renewable portfolio. The SCC should  
24 scrutinize Dominion at every level and every number.  
25 My dealings with Dominion have yielded significant

1 inaccuracies when trying to interconnect my small  
2 renewable energy project, and it's still being  
3 delayed. I would be happy to elaborate further.  
4 Apparently this is the place, but it's probably not  
5 the time.

6                               Lastly, the SCC should require  
7 Dominion to produce readable exhibits. It took me a  
8 lot of time to wade through this. Why is the Black  
9 and Veatch study in this report listed twice? Why  
10 are there so many data elements blacked out? Why are  
11 70 pages of simulation file data included? It is  
12 useless filler without any context.

13                           The overwhelming number of pages  
14 in these exhibits makes them deliberately unreadable  
15 to the SCC and to the public. Dominion lacks  
16 transparency and by submitting 700 pages of  
17 subterfuge, it's impossible to see the facts and this  
18 does not serve the public interest.

19                           So in conclusion, I support the  
20 Remington project. I support Dominion's goal to try  
21 to move forward with green energy, but I cushion that  
22 statement. I thank you for the time that you're  
23 taking to listen to my comments. And should you  
24 require any further clarification about Remington  
25 facts or REC information that I have, or the burdens



1 that Dominion places on small renewable folks like  
2 me, please feel free to contact me. Thank you.

3 CHIEF HEARING EXAMINER: Thank you. Mr.  
4 Harvey, before you step down, it appears -- while I  
5 don't have your submission in front of me, it appears  
6 from your testimony and comments that there's more in  
7 your submission than what you have presented orally  
8 here this morning.

9 THE WITNESS: Yes, ma'am, mostly in facts  
10 and figures and tables.

11 CHIEF HEARING EXAMINER: I would like to  
12 mark Mr. Harvey's submission as Exhibit 1 and admit  
13 it into the record. Does anyone have an objection or  
14 any questions of Mr. Harvey on the submission?

15 All right. So, Mr. Harvey, your  
16 submission, in addition to your testimony that you  
17 have offered here live today, will be admitted into  
18 the record. Thank you very much for coming to the  
19 Commission this morning.

20 THE WITNESS: Thank you for your time.

21 (Exhibit No. 1 was marked and admitted.)

22 CHIEF HEARING EXAMINER: All right. Our  
23 next public witness is Robert McCracken. If you  
24 could come forward, sir.

25 (Witness sworn.)

1 CHIEF HEARING EXAMINER: Good morning,  
2 Mr. McCracken.

3 THE WITNESS: Good morning, Your Honor.  
4 And thank you for allowing me to speak today. I have  
5 a brief statement based on a background as a small  
6 developer and solar contractor, and it is in support  
7 of Dominion Virginia Power's renewable energy.  
8 However, we would like the Court to pay close  
9 attention to how they proceed in the future in other  
10 items. I will be brief here.

11 Currently we have residential,  
12 commercial, and industrial projects under development  
13 to the tune of 1.02 gigawatts. We've had little to  
14 no contact with Dominion Virginia Power nor have we  
15 been able to get someone within their  
16 Interconnectability Department to speak to us.

17 Future projects hold  
18 614-gigawatts solar farms in the state of Virginia.  
19 And it's -- to my knowledge, Dominion has published  
20 several statements that they intend to invest  
21 \$700 million in solar energy across the state. How  
22 is that possible before the deadline? I'm not sure,  
23 simply put.

24 More to the point, how does solar  
25 affect the rate of Virginia? Well, larger projects

1 create a cheaper cost of installation, less expense  
2 of overhead and maintenance, future renewability  
3 provides for higher return on investment. I see  
4 these numbers day in and day out doing performance  
5 for small business opportunities.

6 Even the State is aware of this.  
7 One state agency, the Division of Department P3, has  
8 been in possession of an unsolicited proposal for  
9 almost two years now that desires development across  
10 statewide public projects of over 1,000 sites that  
11 they themselves published. The unsolicited proposal  
12 covered 300 sites. This unsolicited proposal  
13 possessed a value of hundreds of millions of dollars  
14 and tens of thousands of jobs.

15 What has happened to it is  
16 unknown at this point. However, there was a direct  
17 statement from the P3 Department that they have put  
18 it to the bottom of the pile. As a small private  
19 business owner and a life-long citizen that supports  
20 solar, I also support Francis Hodsoll's statement and  
21 the MDV-SEIA, of which I'm a member.

22 Interconnection is the only  
23 request that I would hope the Court would pay close  
24 attention to. As it stands right now, there is  
25 simply an address, no comment, no department, no

1 phone number, no person attached to this on the  
2 private sector.

3 Now it's clear that it makes it  
4 easier for Dominion to follow through on their  
5 projects rather than the private sector to follow  
6 through. However, I am a supporter of Dominion and  
7 have had many good experiences through their efforts.  
8 I would just like transparency through what it is  
9 that they're producing now.

10 Thank you for your time.

11 CHIEF HEARING EXAMINER: Thank you,  
12 Mr. McCracken. Before you step down, could you  
13 provide your address for the record.

14 THE WITNESS: Certainly. 7717 Comanche  
15 Drive, Richmond, Virginia, 23225.

16 CHIEF HEARING EXAMINER: Thank you, sir.

17 MR. REISINGER: Your Honor, I would like to  
18 ask just a couple brief questions.

19 CHIEF HEARING EXAMINER: Certainly.

20 CROSS-EXAMINATION

21 BY MR. REISINGER:

22 Q Sir, I heard you say you were a  
23 member of SEIA, the Solar Energy Industries  
24 Association, but I don't think I caught your  
25 business.

1                   A               We are a small contractor and  
2   solar developer. The name of the business -- the  
3   acronym is HRD, Inc. The full name is Historic  
4   Resources Documentation, Inc. We've been a Class A  
5   contractor for more than 20 years in Virginia.

6                   Q               So your business has I think you  
7   said 1.2 gigawatts of solar under development now?

8                   A               Correct, right now.

9                   Q               And you said you tried to call  
10   people at Dominion but they wouldn't call you back,  
11   about purchasing energy from your projects; is  
12   that --

13                  A               That's correct.

14                  Q               Okay.

15                  A               I filed paperwork and haven't  
16   heard from them, nor have I received any information  
17   on feedback.

18                  Q               But you would have been willing  
19   to talk to them about, you know, maybe entering into  
20   a contract to sell your energy to Dominion?

21                  A               Most certainly.

22                               MR. REISINGER: That's all I have. Thank  
23   you.

24                               CHIEF HEARING EXAMINER: All right. Thank  
25   you, Mr. McCracken.

1 THE WITNESS: Thank you, Your Honor.

2 CHIEF HEARING EXAMINER: Our next public  
3 witness is Scott Price. If you could come forward.

4 (Witness sworn.)

5 CHIEF HEARING EXAMINER: Good morning,  
6 Mr. Price.

7 THE WITNESS: Good morning. How are you?  
8 My name is Scott Price. I am the president of  
9 Alliance for Progressive Values. We are a volunteer  
10 not-for-profit based here in Virginia and work on  
11 multiple issues. And clean energy and the  
12 environment are one of the portfolios that we carry.

13 I want to start out by saying  
14 that I am not -- unlike many of the witnesses that  
15 we've already had, I am not an expert on this issue.  
16 So I'm here to speak for our hundreds of members and  
17 thousands of followers we have in state who support  
18 the use of solar energy.

19 And in that regard we are  
20 supportive of the Remington site and are going to  
21 watch closely as this goes forward. I have to  
22 consult my notes here. You know, nationally solar  
23 power is growing at a rate of about 30 percent a  
24 year, which is remarkable. We need to see that here  
25 in Virginia. It's something that we haven't had in

1 the past. And it's one of the reasons we support  
2 this site even though, as others have said before me,  
3 there are potential issues with this.

4 The price point is now  
5 competitive with fossil fuels and, if anything, when  
6 you add in the other dangers and problems that go  
7 along with fossil fuels, risk to health, it's in fact  
8 lower. And this is a time when solar energy is a  
9 mature and ready source of energy for us and it's  
10 something that we need to jump on.

11 I don't think I need to restate  
12 all the problems that we have due to our addiction to  
13 fossil fuels. Sea level rise, that's something that  
14 we're going to have a genuine problem with here in  
15 Virginia, certainly down in the Tidewater area. It's  
16 something that United States Navy is very aware of  
17 and is looking closely at.

18 Acidification in the ocean,  
19 potential breakdown of the food chain in the ocean,  
20 which is an apocalyptic scenario, but it's not out of  
21 the realm of possibility. It's something that we  
22 have to look at closely. And it's a reason why we  
23 need to move forward now and we need to move forward  
24 much, much faster than we have in the past.

25 The project, as I understand, has

1 an aspirational goal of 400 megawatts. That's a  
2 remarkably large number and we would be very happy to  
3 see that come online by 2020. I would say, though, I  
4 do use the term "aspirational." Dominion has a  
5 record of dragging its feet on these sorts of issues  
6 and as others have pointed out before me, we would  
7 worry that that's a number that they like to use in  
8 their press releases, but not a number that we'll  
9 actually ever see. But it would be great to see  
10 that.

11 But even 400 megawatts is still a  
12 fairly small amount compared to the fact that the  
13 State is still growing, that our energy needs will  
14 continue to rise. We need to double or triple that  
15 number and we need to do it in a very, very short  
16 time period.

17 And this is one of the reasons  
18 that I agree with some of the other witnesses, that  
19 we need to bring in other sources, private  
20 contractors, et cetera, with perhaps some more  
21 streamlined approach to this project. And we worry  
22 about padding and we worry about issues where  
23 Dominion is making sure that it's shareholders are  
24 being served and not necessarily the population.

25 You know, for years -- I've



1 testified here before. And it's usually in regard to  
2 the ways in which I've seen Dominion, what's the  
3 language I wanted to use, drag its feet on clean  
4 energy. I have particularly talked and continue to  
5 talk about this effort to use energy sources like  
6 natural gas or in particular nuclear power and this  
7 nonsensical idea that these are bridge resources,  
8 bridge energy resources that we can use until we  
9 somewhere in the long drawn-out future come up with  
10 solar and wind and things like that.

11 And that's a deeply, deeply  
12 problematic outlook and it's wrong. As others have  
13 pointed out, gas and the fluctuations have -- price  
14 of gas are, you know, well documented. Nuclear  
15 energy is not clean, it's not safe, and we do not  
16 need to build another reactor at North Anna.

17 So, let's see, I'm happy to say  
18 that we are in favor of this project and we want to  
19 see solar energy moving forward. And in that regard  
20 I will commend Dominion for doing something. But we  
21 do need to do more and we need to do it faster and we  
22 need to do it more efficiently.

23 Other nations have repeatedly  
24 held their bar to us when it comes to clean energy, a  
25 field we pioneered and once led. It would help if I

1 wore my glasses. And we need to invest heavily in  
2 solar and wind and we need to diversify and we need  
3 to spread out and -- spread the grid so that  
4 homeowners can be energy providers as well as  
5 customers.

6 Finally, and frankly, I don't  
7 really have a reason to trust Dominion. I wonder if  
8 this isn't more brainwashing. And, frankly, we need  
9 to double and triple-check the numbers on this  
10 project and we need to do it quick. So while I am  
11 supportive of the Remington project, I am frankly  
12 deeply skeptical of Dominion. Thank you.

13 CHIEF HEARING EXAMINER: All right.  
14 Mr. Price, thank you for your testimony and your time  
15 this morning.

16 I have no other notices of public  
17 witnesses who wish to come forward, but are there any  
18 in the audience that would like to come forward and  
19 offer public testimony?

20 All right. I see no response. I  
21 want to thank all five of the public witnesses that  
22 we have heard from this morning. You are all both  
23 informed and informative and I appreciate the time  
24 that you have taken to come here this morning to  
25 offer your testimony and share your thoughts on this

1 application.

2 We are now prepared to begin with  
3 opening statements. So, Mr. Dahl, I will call upon  
4 the Company first.

5 MR. DAHL: Thank you. It will be Mr. Reid.

6 MR. REID: Good morning, Your Honor. May I  
7 use the podium?

8 CHIEF HEARING EXAMINER: Absolutely.

9 MR. REID: May it please the Commission,  
10 the Company is before you today seeking a certificate  
11 of public convenience and necessity under Code  
12 Sections 56-580 D and 56-46.1 for the construction of  
13 Dominion Virginia Power's first utility-scale solar  
14 generating facility in the Commonwealth, which is  
15 proposed to be located adjacent to the Remington  
16 power station near the town of Remington, in Fauquier  
17 County.

18 The Company is also seeking  
19 approval, under Section 56-585.1 A 6 for a rate  
20 adjustment clause designated Rider US-1, with no  
21 reference to Jefferson Davis Highway, I'll note, Your  
22 Honor, to recover the cost of the Remington solar  
23 project.

24 The proposed project is a  
25 20-megawatt AC solar voltaic generating facility. As

1 explained by Company Witness Mark Mitchell, the  
2 project has been designed and engineered to generate  
3 power using ground-mounted fixed tilt solar panels.

4 The panels and associated  
5 equipment will be located on an approximately  
6 280-acre undeveloped parcel which is already owned by  
7 Dominion and adjacent to the power station. The  
8 project will interconnect to Dominion's 34.5 kV  
9 distribution line adjacent to the site.

10 As designed, the Remington solar  
11 facility will operate at a 22 percent annual capacity  
12 factor and is expected to produce 38.6 gigawatt-hours  
13 electricity during its first year of operation and  
14 will have an expected capacity factor of 44 percent  
15 during Dominion's summer peak.

16 The Company's application is  
17 consistent with its most recent IRP and represents  
18 another step in Dominion Virginia Power's continuing  
19 efforts to own and operate a balanced portfolio of  
20 generating facilities to serve its customers. The  
21 Company has expanded its resource planning in recent  
22 years to include planned scenarios in addition to the  
23 least cost base plan.

24 Of course, cost to customers  
25 remains a critical resource plan consideration, but

1 the Company has also increasingly focused on resource  
2 planning scenarios that take into account fuel  
3 diversity and an increasing need to meet existing and  
4 planned environmental regulations.

5 As the evidence in this case will  
6 show, the Remington project is a prudent step, it is  
7 needed, and it will provide benefits to Dominion's  
8 customers. Deploying 20 megawatts of utility-scale  
9 solar to become commercially operational by October  
10 of 2016 is consistent with the fuel diversity plans  
11 in the Company's recent IRPs.

12 As the Company's application in  
13 its just filed 2015 IRP made clear, Remington will  
14 also be an important component of the Company's  
15 overall strategy to reduce the carbon intensity of  
16 its generating fleet in order to assist the  
17 Commonwealth in complying with the EPA's Rule 111(d)  
18 regulation of greenhouse gas emissions.

19 In fact, no party in this case  
20 has challenged for reasonableness of deploying  
21 utility-scale solar at the size or on the time frame  
22 proposed in the Company's application. Upon  
23 Commission approval, the Company is planning to  
24 construct and place the Remington facility into  
25 service in the fall of next year, as I mentioned.

1                   This time frame is important to  
2     the economics of the project, as approximately  
3     95 percent of the project cost will qualify for the  
4     30 percent federal investment tax credit, which is  
5     set to drop to 10 percent for facilities that are  
6     placed into service after the end of next year. The  
7     benefits of these tax credits will be passed along  
8     directly to the Company's customers in developing the  
9     rate adjustment clause revenue requirement.

10                  In addition, Your Honor, the  
11    Company has committed to monetize 100 percent of the  
12    renewable energy certificates produced by the  
13    facility and flow those REC revenues back to  
14    customers through the rider as well. This will  
15    likewise reduce the overall cost of the project.

16                  The evidence also will show, Your  
17    Honor, that Remington has several unique advantages  
18    that make it a beneficial option for customers. As I  
19    mentioned, this facility is going to be placed on an  
20    undeveloped company-owned site in Remington. Siting  
21    a utility solar project next to another utility  
22    generating facility represents a compatible land use,  
23    which is an objective that is set out in the  
24    Commonwealth's Energy Policy in Code Section 67-102.

25                  Interconnecting this project at

1 the distribution level through the DVP distribution  
2 interconnection process is another key benefit that  
3 will allow the project to move forward more quickly  
4 and avoid potential impacts to the transmission  
5 system.

6 The project has another advantage  
7 in the ability to leverage Dominion's expertise and  
8 experience in developing power generation projects in  
9 Virginia. Company Witness Mitchell's testimony will  
10 show -- and the Commission, of course, is aware at  
11 this point that DVP has recently constructed a number  
12 of Virginia-sited power generation facilities to  
13 benefit its customers, including the new Warren  
14 County power station, the Bear Garden power station,  
15 and a hybrid energy center in Wise County. These  
16 projects were all delivered on time and on budget.

17 The now under construction  
18 Brunswick County power station is also on schedule  
19 and on budget and slated to become commercially  
20 operational in the spring of next year.

21 Dominion has also gained  
22 extensive experience over the past several years  
23 building, owning, and operating merchant solar  
24 facilities around the country. As of January of this  
25 year, Dominion owned 252 megawatts of solar

1 generating capacity at facilities located in five  
2 states with an additional 100 megawatts under  
3 construction to become commercially operational this  
4 year. The Company is committed to bringing this  
5 extensive experience to bear to also deliver the  
6 Remington facility on time and on budget.

7 I'll speak for just a moment  
8 about need. The Company and Staff Witness Stevens  
9 agree that Dominion Virginia Power has a need for  
10 additional energy generating resources in its service  
11 territory. The Company is currently a net purchaser  
12 in the PJM spot energy market and purchased  
13 approximately 11 percent and 9 percent, respectively,  
14 of its energy needs in 2013 and 2014.

15 The Dom Zone is also the fastest  
16 growing zone within the PJM-RTO and the Company's  
17 energy requirements are projected to increase by  
18 1.3 percent annually over the next 15 years.  
19 Remington will contribute to serving these growing  
20 energy needs.

21 On the issue of cost and the  
22 issue of risk mitigation, the proposed cost of  
23 Remington is \$47 million, exclusive of financing  
24 cost. No party in this case has disputed the  
25 reasonableness of these capital costs.



1                   On April 1 of this year, the  
2   Company executed an engineering procurement and  
3   construction contract with an experienced solar  
4   project builder, Strata Solar, to act as the EPC  
5   contractor on the project. This approach will  
6   mitigate customer risk associated with construction  
7   of Remington, as Company Witness Mitchell has  
8   testified.

9                   The Company also heeded the  
10   Commission's direction in the Brunswick County CPCN  
11   case and statutory authority which says that the  
12   Company has a responsibility to evaluate and consider  
13   third party alternatives in presenting these CPCN  
14   applications to the Commission.

15                  Company Witness Gaskill has  
16   testified that Dominion relies upon its strategists'  
17   resource planning model to evaluate projects such as  
18   Remington compared to third party alternatives. His  
19   testimony shows that the project has nearly a  
20   \$7 million positive net present value when compared  
21   to PJM market purchases.

22                  The Company also evaluated the  
23   project against a least-cost natural gas option, as  
24   well as the host of Schedule 19 solar power purchase  
25   agreements that Dominion has executed in northeastern

1 North Carolina. While this project is more extensive  
2 than a least-cost gas option, it presents clear  
3 benefits over the Schedule 19 solar PPA under a wide  
4 range of modeling scenarios.

5 Staff Witness Stevens' testimony  
6 concurs that the evidence and economic analysis  
7 presented by the Company demonstrates that the  
8 Remington project is expected to provide savings for  
9 its customers compared to PJM market purchases and  
10 also it compares favorably to the North Carolina  
11 solar PPAs.

12 The project, I would say, also  
13 presents a number of qualitative advantages over the  
14 North Carolina PPA because it will assist in meeting  
15 Virginia's carbon targets, provide economic  
16 development in Virginia, including approximately 156  
17 annual jobs during construction and it is sited close  
18 to the Company's Virginia load centers.

19 Staff Witness Stevens' testimony  
20 concurs with the Company's testimony that the project  
21 could help meet Virginia's targets under 111(d). Our  
22 application and Staff Witness Stevens' testimony also  
23 concur on the legal front, Your Honor, that the  
24 General Assembly of the Commonwealth has determined  
25 that solar generating facilities, up to 100 megawatts

1 in size and sited in Virginia, are small renewable  
2 energy projects that are deemed to be in the public  
3 interest, under Code Section 56-580 D.

4 In addition there were  
5 amendments, as I'm sure Your Honor is aware, during  
6 the most recent legislative session to Code Section  
7 56-585.1 A 6, which also declare the planning and  
8 development and construction by a utility of up to  
9 500 megawatts of utility-owned and operated solar  
10 generating facilities in Virginia to be in the public  
11 interest, and that in determining whether to approve  
12 such a facility, the Commission should liberally  
13 construe the provisions of Title 56.

14 The Company's testimony and  
15 supporting analysis we believe demonstrates to the  
16 Commission that this CPCN application to construct  
17 the Remington solar project is consistent with these  
18 statutory provisions and, in fact, it's the right  
19 first step for deploying utility-scale solar in  
20 Virginia.

21 Finally, Your Honor, the Staff  
22 and Company are in agreement as to the calculation of  
23 the revenue requirement. And there are no other  
24 issues in dispute related to the design and  
25 calculation of the Rider US-1 rate adjustment clause.

1                               As presented by Company Witness  
2   Anderson, the average monthly bill impact for a  
3   residential customer using 1,000 kilowatt-hours of  
4   electricity per month during the first year of the  
5   RAC's existence is four cents during the  
6   pre-commercial operational period and an additional  
7   two cents during the post-operational period. And in  
8   the post-operational period, there will be some fuel  
9   benefit that is netted against that 6 cents, making  
10   the net impact to customers about 5 cents a month.

11                           For all these reasons, the  
12   Company respectfully requests, Your Honor, that you  
13   recommend to the Commission that it grant the  
14   certificate of public convenience and necessity and  
15   approve construction of the Remington solar facility,  
16   and likewise that you recommend that the Commission  
17   approve, effective for usage as of November 1, 2015,  
18   proposed Rider US-1, subject to true-ups in future  
19   rider proceedings.

20                           Thank you very much. And we look  
21   forward to presenting the evidence in this case.

22                           CHIEF HEARING EXAMINER: Thank you.

23                           Mr. Greene?

24                           MR. GREENE: Good morning, Your Honor. My  
25   name is Brian Greene. It's good to see you again. I

1 represent the Maryland, D.C., Virginia Solar Energy  
2 Industries Association, or MDV-SEIA.

3 Our basic mission is to protect  
4 and grow the regional solar market by advocating for  
5 pro-solar policies. MDV-SEIA has 140 members in the  
6 region equating to over 5,000 jobs. These members  
7 work in all areas of the solar industry, including  
8 designing, financing, manufacturing, installing,  
9 selling, and maintaining solar energy equipment, as  
10 well as others whose work supports solar industries.

11 This case and this proposal  
12 presents quite a challenge MDV-SEIA. On the one  
13 hand, MDV-SEIA's mission, as I said, is to grow the  
14 solar market. As a result, MDV-SEIA is very pleased  
15 that Dominion has proposed a new 20-megawatt facility  
16 for all of the pro-solar reasons that Dominion has  
17 explained in its application and its testimony.

18 MDV-SEIA does not want the  
19 Commission to reject this project or for Dominion to  
20 be in any way discouraged from engaging in further  
21 solar development in the Commonwealth. On the other  
22 hand, MDV-SEIA has serious concerns about the process  
23 used by Dominion to explore third party alternatives  
24 in the selection process for this project.

25 We also have concerns about the

1 project going forward to develop additional solar  
2 initiatives to take full advantage of the current  
3 30 percent federal tax credit that will be reduced at  
4 the end of 2016.

5 First, with respect to third  
6 party alternatives, to MDV-SEIA's knowledge, this is  
7 the first CPCN application involving new generation  
8 that will be decided under the new statutory standard  
9 that the General Assembly adopted in 2013.  
10 Specifically the 2013 General Assembly added the  
11 following legal requirements for CPCN proceedings.  
12 In the statute, it says, quote, (as read) A utility  
13 seeking approval to construct a generating facility  
14 shall demonstrate that it has considered and weighed  
15 options, including third party market alternatives,  
16 in its selection process."

17 In the Brunswick case that  
18 Mr. Reid alluded to and the final order entered on  
19 August 2nd, 2013 -- that case, by the way, did not  
20 involve application of this new criteria. The  
21 Commission held, though, that the new law, quote,  
22 clearly will affect CPCN proceedings in the future.  
23 This is a new statutory standard that an Applicant  
24 will have to satisfy. That is, under this new  
25 statute, a CPCN applicant no longer has the option of

1 trying to prove its case without evidence of  
2 consideration of actual third party alternatives in  
3 its selection process, end quote.

4 In this case the evidence will  
5 show that Dominion has not conducted a competitive  
6 bid to ascertain the true cost of, quote, actual  
7 third party alternatives. Instead Dominion compares  
8 its Remington project to PPAs entered into in North  
9 Carolina in 2014, to an 80-megawatt solar facility  
10 that has scaled down to 20 megawatts for cost  
11 comparison purposes, and also to an existing  
12 18-megawatt landfill gas facility.

13 Therefore, one question before  
14 the Commission and the Commission will be called upon  
15 to determine is whether Dominion's comparison to  
16 these other existing facilities without more adheres  
17 to the new statutory standards.

18 Second, MDV-SEIA is concerned  
19 about solar development specifically through the end  
20 of 2016. MDV-SEIA encourages the Commission to adopt  
21 policies and take action in this case that will take  
22 full advantage of the tax credit and the evolving  
23 solar market that has seen reduced cost. MDV-SEIA is  
24 confident that the market will respond favorably to a  
25 future RFP for additional solar megawatts, as it

1 would have had one been issued for the proposed  
2 Remington project.

3 And so with that in mind,  
4 MDV-SEIA recommends that the Commission approve the  
5 project today and, in addition or as a condition to  
6 approval, require Dominion to issue a solar RFP for a  
7 minimum of 20 megawatts, but not to exceed 200  
8 megawatts, to be in service by the end of 2016. We  
9 think such a result would be reasonable and certainly  
10 in the public interest under the statute and with the  
11 tax credit being what it is.

12 And with that, we look forward to  
13 participating in the hearing today. Thank you.

14 CHIEF HEARING EXAMINER: All right. Thank  
15 you.

16 MR. JAFFE: Good morning, Your Honor.  
17 Again, my name is Cale Jaffe with the Southern  
18 Environmental Law Center, representing the  
19 Appalachian Voices and Chesapeake Climate Action  
20 Network. Environmental Respondents here have four  
21 points that we hope to bring out during the course of  
22 the proceedings.

23 The first of those points is that  
24 the construction of the Remington solar facility is  
25 in the public interest according to the Virginia law.



1 It's a simple matter by statute. As the Company has  
2 alluded to, Section 56-580 D says that small  
3 renewable energy projects like this are in the public  
4 interest. And in addition, the recently amended  
5 56-585.1 A 6, which went into effect July 1 of this  
6 year, as Company acknowledged, also states that the  
7 construction or purchase by utility of up to 500  
8 megawatts of solar in Virginia is also in the public  
9 interest.

10 The declaration, in particular,  
11 of up to 500 megawatts of Virginia-made solar as  
12 being in the public interest, we think is especially  
13 important in this case. It's in the same paragraph,  
14 same section of the Code, that discusses the third  
15 party market alternatives and, in our view,  
16 influences how you apply that here. When the project  
17 is by statute in the public interest, it has to be  
18 read in context with that whole paragraph that  
19 discusses third party market alternatives as well.

20 That's the first point, on it  
21 being in the public interest. The second point we  
22 hope to bring out relates to anticipated cost of  
23 energy from the Remington facility. We note that  
24 Mr. Francis Hodsoll, the witness who filed prefiled  
25 testimony on behalf of the Solar Energy Industries

1 Association has identified a range of energy prices  
2 that recent solar projects have been purchased for in  
3 the PPA market, the power purchase agreement market.  
4 And he notes prices in a range of between \$50 to \$75  
5 per megawatt-hour.

6 We think that the evidence in  
7 this case -- and in particular there's an  
8 interrogatory response that we hope to bring into the  
9 report that will explain this. But the evidence in  
10 this case will show that the average cost of energy  
11 over the 35-year life of the Remington project fits  
12 within that ballpark that Mr. Hodsoll has identified.

13 The third point that we hope to  
14 elucidate here is the importance of projects like  
15 this. The significant development of solar projects  
16 like Remington are an essential part of a lowest cost  
17 strategy to reduce carbon emissions as early as  
18 possible. The prefiled testimony from the Company  
19 and Commission Staff has discussed the benefits of  
20 building solar as soon as possible early in the  
21 process, the need to prepare for the Clean Power  
22 Plan.

23 The Company has also filed  
24 testimony recognizing the value that photovoltaic  
25 installations provide, particularly to customers

1 during peak summertime hours. The Company often  
2 discusses solar as a proven and reliable technology.  
3 And both the Company and the Staff have recognized  
4 the value of the 30 percent federal investment tax  
5 credit for projects that are placed in service by the  
6 end of 2016.

7 I think the way to think of that  
8 30 percent investment tax credit, our view is solar  
9 is a very good deal for ratepayers regardless of the  
10 tax credit, 10 percent, 30 percent, or it goes away  
11 entirely. But with the 30 percent in place right  
12 now, it's the equivalent of a tent sale. It's a good  
13 time to jump on as much of it as you can. So those  
14 are our first three core points relating to the  
15 positive benefits of the Remington project, in  
16 particular.

17 The fourth and final point that  
18 the Environmental Respondents hope to bring out is a  
19 concern that we have that the Company is not  
20 developing solar projects as quickly as is needed to,  
21 one, prepare for the Clean Power Plan and, two, to  
22 take advantage of the 30 percent federal ITC.

23 As a result, the Environmental  
24 Respondents are recommending today that the  
25 Commission conditionally approve the Remington

1 facility on the Company implementing the aggregated  
2 RFP model that Mr. Hodsoll for the Solar Energy  
3 Industries Association has outlined, to develop at  
4 least an additional 20 megawatts of solar to be  
5 placed in service before the end of 2016.

6 In other words, yes, build the  
7 Remington project and also concurrently purchase at  
8 least an additional 20 megawatts through an RFP  
9 process. In fact, we think there are two precedents  
10 we would like to highlight today that support that  
11 kind of conditional approach.

12 The first is from Georgia in July  
13 of 2013. The Georgia Public Service Commission  
14 ordered Georgia Power to procure an additional 525  
15 megawatts of new solar generation by 2016. And in  
16 that same case required Georgia Power to use an RFP  
17 process to identify the best-cost solar resources.  
18 That was Georgia Public Service Commission Docket No.  
19 36498 and 36499.

20 Here in Virginia we also have a  
21 recent precedent that is helpful. The petition of  
22 Appalachian Power Company to implement a portfolio of  
23 energy efficiency programs. The Commission in a  
24 recent final order this summer conditioned approval  
25 of APCo's programs on the Company accepting a series

1 of modifications. And that's the kind of approach  
2 we're advocating for here. That was in  
3 PUE-2014-00039.

4 In sum, as Virginia and this  
5 Commission prepare for implementation of the federal  
6 Clean Power Plan, it's important, it's vital to take  
7 early action to expand opportunities for solar  
8 resources. Solar is a low-cost compliance option and  
9 will represent a very good deal for ratepayers for  
10 many years in the future. But with the 30 percent  
11 federal deduction tax credit set to go down to  
12 10 percent by the end of 2016, now is an especially  
13 good time for solar and especially good time to open  
14 up Virginia markets for solar development.

15 Thank you.

16 CHIEF HEARING EXAMINER: Thank you.

17 MR. REISINGER: Good morning, Your Honor.  
18 May it please the Commission. Again, I'm Will  
19 Reisinger here on behalf of the Attorney's General  
20 Division of Consumer Counsel. And, Your Honor, as  
21 you know, the Attorney General is charged by statute  
22 with representing the interest of Dominion's  
23 2.4 million customers in proceedings such as this.

24 Your Honor, Dominion is seeking  
25 Commission approval to construct and operate a

1 20-megawatt solar energy facility in Fauquier County,  
2 Virginia, and to establish a rate adjustment clause  
3 to recover the construction costs from customers.  
4 This facility, if approved, would be the largest  
5 solar energy facility in Virginia and one of the  
6 largest on the east coast.

7 As a preliminary matter, I want  
8 the record to be clear that Consumer Counsel supports  
9 the development of large-scale solar generation in  
10 Virginia and we have no objection to Dominion adding  
11 reasonable cost solar generation to its resource  
12 portfolio. Emissions-free solar generation is good  
13 for the environment. It provides valuable energy to  
14 the system during on-peak hours. And additional  
15 solar generation will also further the goals of the  
16 Commonwealth's energy policy found in Title 67 of the  
17 Code of Virginia.

18 Dominion also makes very clear in  
19 its application and direct testimony that Remington  
20 solar facility is, quote, an essential component of  
21 the Company's plan to comply with the EPA proposed  
22 carbon pollution standard. The EPA Clean Power Plan,  
23 once finalized, will likely require Virginia utility  
24 to make substantial investments in renewable energy.  
25 The development of solar generation in Virginia could

1 certainly be a prudent way for the Commonwealth to  
2 comply with the federal carbon pollution standard.

3 But while as a policy matter, we  
4 support the development of large-scale solar in  
5 Virginia, we have two procedural concerns regarding  
6 the specific application and cost recovery proposal  
7 that is before the Commission today.

8 First, Your Honor, we are  
9 concerned that Dominion did not adequately consider  
10 the option of purchasing solar energy and capacity  
11 from a third party instead of building and owning a  
12 generation facility itself.

13 When securing new energy and  
14 capacity to serve native load obligations, a utility  
15 generally has two choices. One, it can build and own  
16 a generation facility itself or, two, it can purchase  
17 energy and capacity through a power purchase  
18 agreement or through the PJM market.

19 In this case there appears to be  
20 a disagreement about whether it would be more cost  
21 effective for Dominion and consequently for customers  
22 to purchase solar energy through a power purchase  
23 agreement or to build the Remington facility. For  
24 example, the prefiled direct testimony of Mr. Francis  
25 Hodsoll, a witness for the Maryland, D.C., Virginia

1 Solar Energy Industries Association suggests that it  
2 would be more cost effective for Dominion to enter  
3 into a PPA than for the Company to build its own  
4 solar facility.

5 Mr. Hodsoll's testimony claims  
6 the third party option could be advantageous for  
7 customers for a number of reasons. As one example,  
8 Mr. Hodsoll suggests that competitive solar  
9 generators are able to operate with smaller profit  
10 margins and therefore may be able to offer lower cost  
11 options.

12 It may or may not be true in this  
13 case that a third party could provide Dominion with  
14 20 megawatts of solar energy and capacity at a lower  
15 cost than the self-build option. But it's now the  
16 law in Virginia that utilities seeking CPCNs must  
17 demonstrate that they considered and weighed actual  
18 third party alternatives to building and owning  
19 generation facilities.

20 And the Commission has already  
21 interpreted this new law and stated that, quote,  
22 Under the new statute, a CPCN applicant no longer has  
23 the option of trying to prove its case without  
24 evidence of consideration of actual third party  
25 alternatives in its selection process, unquote.



1 But in this case it's not clear  
2 that Dominion has made a bonafide effort to consider  
3 third party alternatives. The Company states that it  
4 looked at the capital cost of several North Carolina  
5 solar facilities, most of which were five megawatts  
6 or smaller, and based on that information determined  
7 no third party could have beaten the Remington price.

8 The Company also said it looked  
9 at a forecast of PJM market prices and used its  
10 strategists' modeling tool to determine that no third  
11 party could have beaten the Remington price. But the  
12 evidence will show that the Company did not conduct  
13 an RFP, did not conduct any formal solicitation, did  
14 not attempt to negotiate terms with any third party,  
15 and did not evaluate any actual alternatives.

16 Your Honor, we heard this morning  
17 from a public witness, Mr. McCracken, who is a solar  
18 developer. He said that he has or his organization  
19 has 1.2 gigawatts of solar energy under development,  
20 that his organization would like to talk to Dominion  
21 about entering into a power purchase agreement. You  
22 heard him say here today that he couldn't get anybody  
23 from the Company to call him back. That's not  
24 indicative of a company that has meaningfully  
25 considered and weighed third party alternatives to

1 building a generation facility.

2 And, Your Honor, we know that  
3 it's in the best interest of Dominion's shareholders  
4 for the Company to build generation facilities  
5 because it allows investors to receive a healthy  
6 return on their investment. But without conducting a  
7 formal solicitation and considering actual  
8 alternatives, it's not possible to know whether  
9 Dominion's customers could have gotten a better deal.

10 Your Honor, during the course of  
11 this proceeding, we will demonstrate that Dominion  
12 has not considered any actual alternatives, as the  
13 law requires. And for this reason we simply don't  
14 know whether Dominion's customers could have gotten a  
15 better deal for solar.

16 Your Honor, our second issue  
17 concerns cost recovery. If the Company's CPCN  
18 request is approved, it appears that the costs should  
19 be recovered through base rates as opposed to through  
20 a rate adjustment clause. The Company's testimony  
21 repeatedly reference the EPA Clean Power Plan and  
22 states that the Remington solar facility is, quote,  
23 An essential component in the Company's strategy to  
24 help Virginia comply with a federal carbon pollution  
25 standard.

1                   Recent Commission orders have  
2    raised questions about whether Clean Power Plan  
3    compliance costs should be recovered through existing  
4    base rates or through rate increases in rate  
5    adjustment clauses. Indeed the evidence will show  
6    that Dominion itself had previously stated that all  
7    Clean Power Plan compliance costs will be recovered  
8    through base rates, at least during the period of the  
9    Senate Bill 1349 base rate freeze.

10                   And, finally, the recovery of  
11   Remington solar facility cost through base rates  
12   would promote rate stability for consumers while  
13   Virginia prepares to comply with the Clean Power  
14   Plan.

15                   In conclusion, Your Honor, while  
16   we support the development of solar generation in the  
17   Commonwealth, we believe there's at least two  
18   important procedural issues that the Commission must  
19   consider during this case. First, the evidence will  
20   show that Dominion has not considered actual third  
21   party alternatives to the Remington solar facility as  
22   the law now requires.

23                   Second, the evidence will show  
24   that if the Remington solar facility is approved,  
25   it's appropriate for the costs of the facility to be

1 recovered from customers through the Company's base  
2 rates. And I thank you for your attention and we  
3 look forward to participating in this case.

4 CHIEF HEARING EXAMINER: All right. Thank  
5 you very much.

6 Staff?

7 MR. ROUSSY: Thank you, Your Honor. Good  
8 morning, again. Matt Roussy, along with Alisson  
9 Klaiber, representing the Commission Staff in this  
10 case.

11 Pursuant to the Commission's  
12 order for notice of hearing, Staff investigated  
13 Dominion Virginia Power's application for approval of  
14 a certificate of public convenience and necessity and  
15 also for a rate adjustment clause for the Remington  
16 solar project. And on June 18 Staff prefiled  
17 testimony addressing the results of its  
18 investigation.

19 With that testimony, which Staff  
20 will sponsor and support today, as well as through  
21 cross-examination, Staff will have helped develop the  
22 record for the Chief Hearing Examiner as well as the  
23 Commission's consideration.

24 As you've already heard,  
25 Dominion's application is the first proposal for

1 Commission approval of a utility-scale solar project.  
2 And with a new type of proposal, often that brings  
3 new issues and new facts. The need asserted in this  
4 case, for example, is somewhat different than what  
5 usually comes before the Commission.

6 Typically an applicant that is  
7 responsible for serving retail load underscores the  
8 ability of its proposed facility to satisfy the  
9 capacity and energy needs of its customers. And if  
10 approved, Remington is expected to produce energy  
11 when the sun shines, certainly.

12 For capacity, although the  
13 Company has identified a potential capacity benefit  
14 for the facility, the Company does not assume that  
15 Remington will be an actual capacity resource. This  
16 is a new assumption for a generation facility that  
17 results from federal capacity market rule changes,  
18 which were recently approved.

19 Also somewhat different is the  
20 third part of the Company's needs basis, which you've  
21 already heard some about today, which moves beyond  
22 energy production and beyond capacity. Dominion  
23 asserts that Remington might help the Commonwealth  
24 satisfy carbon regulations by the United States  
25 Environmental Protection Agency.

1                   Staff acknowledges that a solar  
2   facility like Remington might very well be part of a  
3   future compliance plan. However, those regulations  
4   remain proposed, so the substance and the timing of  
5   the rule, those are uncertain, as is any potential  
6   compliance plan that the Commonwealth may ultimately  
7   desire to pursue.

8                   So the issues regarding future  
9   carbon compliance really are largely premature, at  
10   least in this case. I think a public witness said  
11   earlier that the Clean Power Plan is up in the air.

12                   Another somewhat new issue for  
13   the Commission involves the consideration, again that  
14   you've heard today about, of third party market  
15   alternatives. While market alternatives have been an  
16   issue in prior certificate and IRP cases, the  
17   statutory provision in Code Section 56-585.1 A 6  
18   regarding consideration has not yet been applied by  
19   the Commission in a certificate proceeding for a new  
20   generation facility.

21                   Another issue presented is the --  
22   comes from the legislative declaration that certain  
23   small renewable energy projects are in the public  
24   interest. How such a provision might affect the  
25   standards for approval in this case is ultimately a

1 legal question for the Commission to decide, and  
2 which we can address during closing argument or  
3 briefs, depending on what the Hearing Examiner  
4 directs.

5 But I do want to point out that  
6 contrary to a statement in the rebuttal testimony,  
7 Staff has not taken the position that this language,  
8 quote, means that certification of the project is in  
9 the public interest, end quote.

10 The statement by the Company  
11 could be read to suggest that a certificate for  
12 Remington must be approved without consideration of  
13 cost, without consideration of need, environmental  
14 impacts, liability impacts, among other things. To  
15 be clear, that's not Staff's position and Staff's  
16 testimony certain does not go that far. I think I  
17 heard Mr. Reid, for the Company, this morning point  
18 out that the cost is critical, something to that  
19 effect.

20 Turning to the testimony that  
21 Staff will provide in this case, Staff will respond  
22 with three prefiled testimonies today. The testimony  
23 of John Stevens, Principal Utilities Engineer with  
24 the Commission's Division of Energy Regulation, will  
25 include an overview of the Remington project, the

1 Company's asserted need for the facility, the  
2 Company's economic modeling results and consideration  
3 of alternatives, and the proposed rate design for  
4 Rider US-1.

5 Mr. Stevens will take the stand  
6 today in support of that testimony. By agreement of  
7 the parties, as you are aware, the testimonies of the  
8 other two Staff witnesses in this case will be  
9 stipulated into the record. And the testimony of  
10 Estana Davis, Senior Utility Accountant with the  
11 Commission's Division of Utility Accounting and  
12 Finance, will provide accounting recommendations and  
13 proposed revenue requirements, which include many  
14 components.

15 With Staff's errata filing this  
16 Monday, July 13th, Staff's revenue requirement is now  
17 the same as the revenue requirement presented in the  
18 Company's rebuttal testimony. The testimony of John  
19 Ballsrud, a Principal Utility Analyst also from the  
20 Division of Utility Accounting and Finance, will  
21 provide Staff's recommendations regarding return on  
22 equity, cost of debt, and capital structure.

23 As the Company's rebuttal  
24 testimony accepts Mr. Ballsrud's recommendation,  
25 there are not any contested cost of capital issues



1 between the Company and Staff.

2 In addition to Staff's testimony,  
3 the Office of General Counsel will also move into the  
4 record the Department of Environmental Quality report  
5 on the project, dated April 9th and filed April 10th.

6 In accordance with the Memorandum  
7 of Agreement between the DEQ and the Commission,  
8 Staff requested that DEQ conduct a coordinated  
9 environmental review and to provide consultation on  
10 any wetland impacts from the project. This resulted  
11 in the filed DEQ report, which also included a  
12 wetlands consultation from DEQ's Office of Wetlands  
13 and Water Protection.

14 After the report was filed, and  
15 consistent with Commission's practice, the Office of  
16 General Counsel requested that all parties in this  
17 case advise if they have any questions of DEQ or DEQ  
18 personnel regarding the report. No party did. And  
19 as a result, at the appropriate time, we are prepared  
20 to move that report into the record.

21 And the DEQ report brings about  
22 the final issue that we want to identify in this  
23 opening, which is whether the environmental review  
24 process followed in this case and in many prior  
25 cases, which is coordinated by the Office of General

1 Counsel, is the appropriate process for facilities  
2 that are eligible for a permit by rule from the DEQ.

3 Remington is the first solar  
4 application filed with the Commission since the DEQ  
5 solar permit by rule was promulgated. So if the  
6 Commission wants to consider whether the same or  
7 different process should be used for facilities that  
8 are also eligible for a permit by rule from the DEQ,  
9 this case does seem to present an opportunity to  
10 develop the record on this issue. Staff intends to  
11 do that today.

12 CHIEF HEARING EXAMINER: All right. Thank  
13 you, Mr. Roussy.

14 It's 11:25. Before we start  
15 receiving the testimony of the Company's witnesses,  
16 let's take a ten-minute break.

17 (Recess.)

18 CHIEF HEARING EXAMINER: All right.  
19 Mr. Dahl, it looks like you are manning the station  
20 by yourself.

21 MR. DAHL: That's fine, Your Honor.

22 CHIEF HEARING EXAMINER: I would -- as you  
23 call your first witness, I would like to ask all  
24 Counsel to keep track of me as we're introducing  
25 evidence into the record to make sure that when we

1 have prefiled testimony that has confidential  
2 information, that I mark both the redacted version  
3 and the confidential version. Stay on top of me on  
4 that.

5 MR. DAHL: Would you like to introduce the  
6 proof of notice and the application before we call  
7 the first witness?

8 CHIEF HEARING EXAMINER: That would be  
9 great.

10 MR. DAHL: All right. I would first ask  
11 that the proof of notice filed by the Company in this  
12 proceeding, on March 20, 2015, be marked for  
13 identification.

14 CHIEF HEARING EXAMINER: We will mark the  
15 proof of notice as Exhibit 2 and admit it into the  
16 record.

17 (Exhibit No. 2 was marked and admitted.)

18 MR. DAHL: And then the Company's  
19 application, which consists of 24 typed pages, a  
20 table of contents, and accompanying Exhibit 1 and  
21 Filing Schedule 46. And there is both a public and  
22 extraordinarily sensitive version of those filed on  
23 January 20, 2015, and ask that be marked for  
24 identification.

25 CHIEF HEARING EXAMINER: Thank you,

1 Mr. Dahl. We will mark the Company's redacted  
2 application as Exhibit 3 and the confidential  
3 extraordinarily sensitive version of the application  
4 as Exhibit 3-C; both admitted into the record.

5 MR. DAHL: And just to clarify, the  
6 extraordinarily sensitive is just in the filing  
7 Schedule 46B and C.

8 CHIEF HEARING EXAMINER: Thank you.

9 MR. DAHL: Were they both admitted into the  
10 record?

11 CHIEF HEARING EXAMINER: Yes.

12 (Exhibit No. 3 and 3-C were marked and admitted.)

13 MR. DAHL: The Company would call  
14 Mr. Steven A. Rogers.

15 (Witness sworn.)

16 CHIEF HEARING EXAMINER: Mr. Dahl,  
17 Mr. Rogers doesn't have any confidential information  
18 in his prefiled direct testimony; correct?

19 MR. DAHL: That is correct. Public version  
20 only.

21 CHIEF HEARING EXAMINER: Thank you.

22 Good morning, Mr. Rogers.

23 THE WITNESS: Good morning.

24 DIRECT EXAMINATION

25 BY MR. DAHL:

1 Q Could you please state your name,  
2 position of employment, and business address.

3 A Sure. My name is Steven Rogers.  
4 I am the Senior Vice President for Financial  
5 Management at the Dominion Generation Business Unit.  
6 My business address is 120 Tredegar Street, Richmond,  
7 Virginia, 23219.

8 Q Do you have with you this morning  
9 a document entitled the Direct Testimony of Steven A.  
10 Rogers, consisting of 14 typed pages of questions and  
11 answers and an Appendix A that was filed as a public  
12 version only in this proceeding on January 20, 2015?

13 A Yes, I do.

14 Q Was that document prepared by you  
15 or under your supervision?

16 A Yes, it was.

17 Q Do you have any corrections or  
18 additions to that document?

19 A No.

20 Q And if you were asked those  
21 questions appearing there, would you provide the same  
22 answers today?

23 A Yes, I would.

24 Q Do you wish to sponsor that as  
25 your direct testimony in this proceeding?

1 A Yes.

2 MR. DAHL: Your Honor, I'd ask that that  
3 document be marked for identification.

4 CHIEF HEARING EXAMINER: Absolutely.  
5 Mr. Rogers' direct prefiled testimony will be marked  
6 as Exhibit 4 and admitted into the record, subject to  
7 cross-examination.

8 (Exhibit No. 4 was marked and admitted.)

9 MR. DAHL: With that, the witness is  
10 available for cross-examination.

11 CHIEF HEARING EXAMINER: All right.

12 MR. GREENE: No questions for Mr. Rogers,  
13 Your Honor.

14 CHIEF HEARING EXAMINER: All right.  
15 Mr. Jaffe?

16 MR. JAFFE: Thank you, Your Honor.

17 CROSS-EXAMINATION

18 BY MR. JAFFE:

19 Q Good morning, Mr. Rogers. I  
20 would like to start with your testimony on page 5 --  
21 actually, I left my copy of it. On line 9 and 10,  
22 you state that the project represents a prudent and  
23 important step toward proactively mitigating the  
24 risks associated with impending environmental  
25 regulations; is that right?

1 A Yes.

2 Q And on that point, you are  
3 referring to EPA's currently proposed Clean Power  
4 Plan rule; is that right?

5 A Yes. Primarily, yes.

6 Q In addition you go on in the next  
7 couple lines there to state that the proposed  
8 development and construction timeline strategically  
9 places the project into service by the end of 2016,  
10 which allows the facility to qualify for 30 percent  
11 federal solar ITCs; is that right?

12 A Yes.

13 Q And it's your understanding that  
14 there's the 30 percent tax credit if the project is  
15 completed by the end of 2016; but that if a project  
16 drifts into 2017, it's only eligible for a 10 percent  
17 tax credit. Is that right?

18 A Yes.

19 Q All right. I would like to ask  
20 you just a couple questions about how those pieces  
21 interrelate, the pending environmental regulations  
22 and the 30 percent federal investment tax credit.

23 On the Clean Power Plan side of  
24 it, you testify I think on page 8 -- I'm sorry, it's  
25 earlier in your testimony -- that this is an

1 emissions-free, renewable generation resource that's  
2 an essential component of the Company's strategy to  
3 prepare for the future Clean Power Plan; is that  
4 right?

5 A Yes.

6 Q And yet on page 8, you note that  
7 the Company has in excess of 17,500 megawatts of  
8 generation in your regulated portfolio; right?

9 A That's correct.

10 Q So 20 megawatts here, while an  
11 essential component of the Company's compliance  
12 strategy for the Clean Power Plan, you would agree  
13 that's a pretty small piece of the Company's overall  
14 portfolio, wouldn't you?

15 A Yes, I would. I would agree it's  
16 a small piece of our overall portfolio.

17 Q It's about -- 20 megawatts works  
18 out to 1/10th of 1 percent of the 17,500; is that  
19 right?

20 A I haven't computed it, but I  
21 would agree with your calculation.

22 Q And this 20-megawatt project, is  
23 it the only solar project that the Company has  
24 identified that it can complete in time to qualify  
25 for the 30 percent ITC?



1           A           It's the only specific project  
2   that we have in plans right now.

3           Q           The Company hasn't identified any  
4   additional solar projects, whether it's self-build or  
5   acquisition, that can be placed into service by the  
6   end of 2016; is that right?

7           A           We have -- as we have indicated  
8   publicly and some people have referred to it earlier  
9   today, we have developed a plan to put 400 megawatts  
10   of solar into service by 2020. We are working that  
11   plan, developing how we're going to approach that,  
12   and including this 20 megawatts right now, that plan  
13   includes approximately 100 megawatts in 2016.

14          Q           All right. Can you say that  
15   again. How many megawatts in 2016?

16          A           Approximately 100 megawatts in  
17   2016.

18          Q           All right. Well, then, I have a  
19   question about an interrogatory response.

20               MR. JAFFE: While the bailiff is passing  
21   this out, I will note for the record this is the  
22   Company's response to Environmental Respondents'  
23   Interrogatory Second Set, Question No. 13.

24                       While it's being passed out, I  
25   would like to have the document marked as well.

1 CHIEF HEARING EXAMINER: All right. The  
2 Environmental Respondents' Second Set of  
3 Interrogatories, Question No. 13, question and  
4 response from the Company, will be marked as  
5 Exhibit 5 and admitted into the record, subject to  
6 further examination.

7 MR. JAFFE: Thank you, Your Honor.

8 (Exhibit No. 5 was marked and admitted.)

9 BY MR. JAFFE:

10 Q In this interrogatory,  
11 Environmental Respondents ask the Company about  
12 additional projects that can be completed in time to  
13 qualify for the 30 percent federal solar investment  
14 tax credit. Can you read for me the Company's  
15 response to this question?

16 A Sure. It says, "At this time the  
17 Company has not identified additional solar projects  
18 which could be placed in service by the end of 2016;  
19 however, the evaluation of potential self-build  
20 projects and potential acquisition is ongoing."

21 MR. JAFFE: Thank you, Your Honor. No  
22 further questions.

23 CHIEF HEARING EXAMINER: All right.  
24 Mr. Reisinger?

25 MR. REISINGER: Your Honor, I believe

1 Mr. Burton has some questions.

2 CHIEF HEARING EXAMINER: All right.

3 Mr. Burton?

4 MR. BURTON: Thank you, Your Honor.

5 CHIEF HEARING EXAMINER: Mr. Rogers, while  
6 Mr. Burton is -- we are getting the equipment turned  
7 on and set up, have you -- you mentioned the 100  
8 megawatts that we expect to come online before the  
9 end of 2016. And at the time of this interrogatory,  
10 you had not identified those.

11 Have you at this point in time  
12 identified how you have acquired those 100 megawatts?  
13 Are you planning on going with an RFP --

14 THE WITNESS: Our plans for development,  
15 they are plans right now and so we have not  
16 identified specific projects or sites. As we move  
17 forward through that plan, we do expect that we will  
18 issue an RFP to determine what assets or what types  
19 of sites or what types of arrangements are available  
20 out in the community or in the market.

21 CHIEF HEARING EXAMINER: All right. Thank  
22 you. Mr. Burton?

23 CROSS-EXAMINATION

24 BY MR. BURTON:

25 Q Thank you. Good morning, Mr.

1 Rogers. My name is Mitch Burton. I'm with the  
2 Attorney General's Office, Division of Consumer  
3 Counsel. I have a couple of questions for you this  
4 morning.

5 Mr. Rogers, your title is Senior  
6 Vice President, Financial Management for Dominion  
7 Generation. Is that correct?

8 A That's correct.

9 Q Mr. Rogers, are you the most  
10 senior employee of Dominion testifying here today?

11 A I believe that's true, yes.

12 Q You are the lead witness?

13 A Yes, I am a lead witness.

14 Q Mr. Rogers, could I please direct  
15 you to page 3 of your direct testimony. Mr. Rogers,  
16 your testimony in this case covers the Company's  
17 support for why the Remington solar facility is  
18 needed at this time; is that correct?

19 A That's correct.

20 Q And here on page 3, you were  
21 asked the question of why is the Company proposing  
22 this particular project for Commission approval. I  
23 would direct you down to lines 14 through 17.

24 You state that the project is an  
25 essential component of the Company's strategy to

1 assist Virginia in complying with stringent  
2 environmental regulations on the horizon. Is that  
3 correct?

4 A That's correct.

5 Q Those stringent environmental  
6 regulations on the horizon, are you referring to the  
7 EPA proposed Clean Power Plan?

8 A Yes, I am.

9 Q In the same vein, Mr. Rogers, on  
10 page 5 -- I believe Mr. Jaffe just went over this  
11 with you -- the Company believes this project is a  
12 prudent and important step toward mitigating the  
13 risks associated with the Clean Power Plan; is that  
14 correct?

15 A Well, I say impending  
16 environmental regulations. But, yes, using your  
17 analogy, yes.

18 Q And so you make other references  
19 to the Clean Power Plan throughout your testimony; is  
20 that correct?

21 A Yes, I do.

22 Q Mr. Rogers, to sum this testimony  
23 up, would you agree it's fair to say that the  
24 proposed Clean Power Plan seems to be a driver for  
25 the Company's request to construct and as a result

1 recover the cost of the Remington solar facility?

2           A           I would phrase it this way, I  
3 think the proposed Clean Power Plan is a component of  
4 the reason why this is a good project, amongst other  
5 things. It's a net present value for customers. We  
6 have a need that's been demonstrated in our IRPs for  
7 this generation and capacity. And preparing for the  
8 Clean Power Plan is also a factor, amongst other  
9 factors that have been laid out in various  
10 testimonies.

11           Q           But the Remington solar project  
12 is an essential component of the Company's strategy  
13 to assist Virginia with complying with the Clean  
14 Power Plan; is that correct?

15           A           It's an essential step in us  
16 assisting Virginia to comply, yes.

17           Q           Next, Mr. Rogers, could I please  
18 direct you to page 4 of your testimony. And I just  
19 want to establish that on page 4 and going over onto  
20 page 5, you do discuss the Company's proposal to  
21 recover the costs of the Remington solar project  
22 through a Subsection A 6 RAC, which has been  
23 designated as Rider US-1. Is that correct?

24           A           Yes.

25           Q           Mr. Rogers, I would like to

1 establish an understanding with you, the difference  
2 between recovering costs through an A 6 rate  
3 adjustment clause versus recovering costs through  
4 base rates, just generally.

5 Is it your understanding that a  
6 rate adjustment clause would permit the Company to  
7 recover the Remington facility costs outside of or,  
8 in other words, in addition to base rates?

9 A Yes.

10 Q So is it also your understanding  
11 that this means that rate adjustment clause or RAC  
12 recovery would increase customer rates outside and  
13 irrespective to whatever base rates may be?

14 A Yes.

15 Q Mr. Rogers, are you aware that  
16 the Commission has recently raised questions  
17 regarding how the Company will recover costs  
18 associated with Clean Power Plan compliance?

19 A I am aware, yes.

20 Q And, Mr. Rogers, I'm going to  
21 place on the screen here the Commission's final order  
22 in Case No. PUE-2014-00071. This final order was  
23 issued in the Company's most recent petition for rate  
24 adjustment clause related to demand-side management  
25 program that the Company had requested approval for,

1 for a period of five years.

2 What I've placed on the screen  
3 here for you is pages 6 and 7 of the Commission's  
4 final order. I will give you time to review  
5 highlighted language before I ask you any questions.

6 A Okay.

7 Q So from this I think we can  
8 gather that the DVP DSM order limited readjustment  
9 clauses to three years because of questions regarding  
10 recovery cost associated with Section 111(d)  
11 compliance; is that correct?

12 A That's the way I interpret what I  
13 just read, yes.

14 Q Okay.

15 CHIEF HEARING EXAMINER: Mr. Burton, could  
16 you scroll down and show us Footnote 18 and 19. I  
17 assume especially 18 is a reference to the citation  
18 to this Section 111(d).

19 MR. BURTON: Your Honor, I don't plan to  
20 enter this as an exhibit, but I do have an extra  
21 copy, if you'd like one.

22 CHIEF HEARING EXAMINER: Well, just show me  
23 on the screen. So context is -- okay, so 18. Okay.  
24 Thank you.

25 BY MR. BURTON: